

[FOR IMMEDIATE RELEASE]



**中國通海國際金融有限公司**  
CHINA TONGHAI INTERNATIONAL FINANCIAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 00952.hk)

**Tonghai Financial Announces 2018 Interim Results**

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**The first interim results after the Group expanded the core capital  
with profit and revenue growth  
After tax profit of approximately HK\$30.76 million, representing an  
increase of 43% period-on-period**

**Snapshots (For six months ended 30 June 2018)**

- The Group recorded an after-tax profit of approximately HK\$30.76 million (interim period in 2017: HK\$21.45 million), representing an increase of 43%.
- The Group's revenue increased by 20% to HK\$268 million for the Interim Period (interim period in 2017: HK\$224 million).
- Income from brokerage business increased steadily and recorded approximately HK\$118 million in the Interim Period, as compared to HK\$113 million in the interim period last year, representing an increase of 4%.
- Revenue from the interest income business for the Interim Period amounted to approximately HK\$172 million, representing an increase of approximately 3.5 times as compared to HK\$38 million for the interim period last year.

**Financial Highlights**

	30 September 2017	30 June 2018
NAV Per Share (HK\$)	0.92	0.93

	Six month ended 30 September 2017	Six month ended 30 June 2018
Share Price - Highest (HK\$)	1.25	1.18
Share Price - Lowest (HK\$)	1.03	0.80

(Hong Kong, 29 August 2018) China Tonghai International Financial Limited (“Tonghai Financial” or the “Group”, Stock Code : 952.HK), is pleased to announce its interim results for the six months ended 30 June 2018.

The Group recorded an after-tax profit of approximately HK\$30.76 million (interim period in 2017: HK\$21.45 million), representing an increase of 43%. The Group’s revenue increased by 20% to HK\$268 million for the Interim Period (interim period in 2017: HK\$224 million). Excluding investment loss of HK\$71.24 million (interim period in 2017: HK\$19.97 million of investment income), revenue from other businesses amounted to HK\$339 million, representing an increase of 66% as compared to the HK\$204 million on the same basis in the interim period in 2017. This investment loss was mainly due to fair value change of securities investment. The Group changed the financial year end date to 31 December 2017, whereas the comparative figures for interim period last year was based on 1 April to 30 September 2017.

## **Financial Review**

### **Brokerage Business**

During the Interim Period, income from brokerage business recorded approximately HK\$118 million, which represents an increase of 4% from HK\$113 million in the interim period last year. Commission on dealings in Hong Kong securities recorded around HK\$38.04 million in the Interim Period, which represents an increase of around 4% from HK\$36.44 million in the interim period last year. The increase was mainly due to the significant increase in average daily turnover of the overall market. During the Interim Period, commission on dealings in futures and options recorded around HK\$67.65 million, which represents an increase of around 3% from HK\$65.39 million in the interim period last year. The increase was mainly due to a rise in the number of contracts conducted by our clients.

### **Interest Income Business**

Revenue from the interest income business for the Interim Period amounted to approximately HK\$172 million, representing an increase of approximately 3.5 times as compared to HK\$38 million for the interim period last year. Interest income from loans to margin clients recorded around HK\$75.74 million, which represents an increase of approximately 163% from HK\$28.85 million for the interim period last year. The increase was mainly due to the significant increase in average loan balance in the Interim Period as compared to the figures in the interim period last year. The Group had about HK\$2.25 billion of the margin loans outstanding balance (settlement date basis) as at the end of June 2018 while the margin loans outstanding balance (settlement date basis) was approximately HK\$903 million as at 30 September 2017. During the Interim Period, interest income from structured loan significantly increased to HK\$61.68 million. Interest income from banks and others also significantly increased to HK\$28.56 million for the Interim Period from HK\$3.11 million for the interim period last year, representing an increase of approximately 8 times.

## **Corporate Finance Business**

Total income from corporate finance business recorded around HK\$29.47 million for the Interim Period, which represents a decrease of around 22% from around HK\$37.99 million in the interim period last year, primarily due to a significant decrease in fee income as the number of projects with larger contracted amount completed in the Interim Period is less than that in the interim period last year. During the Interim Period, commission income (from placing, underwriting and sub-underwriting deals) recorded around HK\$7.6 million, which represents a significant increase from around HK\$0.15 million as compared to the interim period last year. During the Interim Period, a total of 18 mandates (the interim period last year: 12) were signed, of which 8 were placing, underwriting and sub-underwriting mandates, 2 were sponsorship mandates, 8 were financial advisory/independent financial advisory and other mandates.

## **Asset Management Business**

Total income from asset management business recorded around HK\$12.87 million for the Interim Period, which represents an increase of 33% from around HK\$9.68 million in the interim period last year. The increase was mainly attributable to the significant increase in the average AUM of Oceanwide Greater China UCITS fund (“Oceanwide UCITS fund”). Our asset management business currently includes the management of Oceanwide UCITS fund, Oceanwide China Focus fund, a private fund registered in Cayman Islands, Oceanwide Pioneer Limited Partnership, Oceanwide Kilmorey Guaranteed Return Fund and various discretionary accounts and so on.

## **Investments and Others Businesses**

Loss from investments and others businesses recorded around HK\$63.86 million for the Interim Period, while a gain of around HK\$26.29 million was recorded in the interim period last year. The investment loss was mainly generated by fair value change of a single stock. Financial media service fee income recorded around HK\$7.39 million, representing a rise of 17% from around HK\$6.32 million in the interim period last year.

## **Prospects**

The year of 2018 marks the beginning of a new chapter for the Group. As Oceanwide Holdings completed the acquisition of Quam, we have seen the initial completion of the following by the end of last year, including but not limited to the change of our Company’s name, the change of members of the Board, the new members of the senior management of the Company on board, the expansion of our capital and the establishment of new business lines. This year represented the first entire financial year during which the Group operated its business with the existing capital. Looking ahead, we will devote our efforts to the following directions in the hope of bringing better returns to the Company and all of our shareholders:

1. Carrying forward the structural transformation of revenue. The Group will take advantage of capital and adopt capital-based intermediary approach. We aim to substantially increase the proportion of revenue from structured financing, corporate financing, asset management and investment and others businesses while improving the absolute amount of income derived from traditional brokerage and interest income business, so as to reduce our reliance on the latter. We will also grasp the opportunity to enter into merger & acquisition in order to bring in growth other than organic growth as well as establish possible regional presences when it arises.

2. Improving quality of income. We will increase the Group's loans to third parties to reduce the proportion of loans to connected persons. We will assess and improve the loan quality of current margin clients to minimize loan risks and increase growth rate of commission income. The Group will continue to recruit and retain capable account executives to increase our market share in the secondary market and the income of securities brokerage business.

3. Enhancing leverage moderately. An appropriate level of leverage is healthy. We will increase our borrowings to optimize equity return. We will keep an eye on the market conditions and appropriately enhance the Group's leverage ratio to an extent comparable to that of those leading players.

4. Improving remuneration structure and incentives. The Group will continue to improve the remuneration structure, enhance the staff benefits and put in place a suitable incentives schemes (including but not limited to the adoption of share option scheme and share award scheme) at the right timing in order to ensure that our high calibre core employees are fully committed to serving the Group.

5. Enhancing the business interaction between Oceanwide Holdings and Tonghai Holdings. Building on the established foundation, we carry and realise the Company's objectives gradually. We will leverage the network of substantial shareholders and various advantages to enhance the income of the Group.

## **About the Company**

China Tonghai International Financial Limited (SEHK Code: 0952) is a Hong Kong-based financial services group which has been listed on The Stock Exchange of Hong Kong Limited since 1997. In 2017, the group joined the big family of Oceanwide Holdings Co., Ltd. (Stock Code : 000046.SZ). Tonghai Financial is committed to build a comprehensive, full-licensed integrated financial platform. The core businesses of the Company are brokerage business, interest income business, corporate finance business, asset management business and investments and others businesses. The Company strives to become the ideal partner for both corporate and individual investors in Hong Kong and China. The Company also offers premier one-stop financial services to its clients. The Company continued to provide capital markets services through its representative office or the wholly-owned foreign enterprise in Shenzhen, Shanghai, Shenyang, Ningbo, Dalian, Beijing, Chengdu, Hangzhou and Xiamen of the PRC and through its Global Alliance Partners network and Oaklins International.

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